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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Program to Monitor Impacts
of Universal Service
Support Mechanisms

CC Docket No. 96-45
CCB-IAD File No. 98-101

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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May 26, 1998

No. of Copies rec'd 0410
List A B C D E

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Summary

Information now available in the Monitoring Reports is useful to consumers of interexchange and local exchange telecommunications services throughout the nation. GSA urges the Common Carrier Bureau to continue compiling this valuable data.

Furthermore, GSA recommends that the Monitoring Reports be expanded to encompass the additional information outlined by the Common Carrier Bureau in this Public Notice. The Commission's universal service initiatives ultimately impact the rate structures and charges incurred by all end users of telecommunications services. These consumers should have reasonable access to information on the costs of these programs and their impacts.

Finally, GSA recommends that data on state universal service support programs be included in the Monitoring Reports. State programs are proliferating rapidly. Very limited information is available at a common location on their structures and impacts.

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**COMMENTS
of the
GENERAL SERVICES ADMINISTRATION**

The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Public Notice released on April 24, 1998.¹ In the Public Notice, the Commission seeks comments and replies on a program to monitor the impacts of universal service support mechanisms.

I. INTRODUCTION

Pursuant to Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 481(a)(4), GSA is vested with the responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. The FEAs require a wide array of interexchange and local telecommunications services. From their perspective as end users, the FEAs have consistently supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services.

¹ CC Docket No. 96-45, CCB-IAD File No. 98-101, Common Carrier Bureau Seeks Comments on program to Monitor Impacts of Universal Service Support Mechanisms, released April 24, 1998 ("Public Notice").

The Telecommunications Act of 1996 directed the Commission to establish universal service support mechanisms to ensure that affordable telecommunications services are available to all Americans.² The Commission addressed this directive in its comprehensive universal service order released one year ago.³

Indeed, the Commission had taken important steps to foster universal service well before this legislation was enacted. In the 1980s, the Commission adopted rules recommended by a Federal-State Joint Board ("Joint Board") to permit "high cost" telephone companies to recover a portion of their costs through a "universal service fund." The fund was structured to enable companies serving sparsely populated "high cost" areas to charge local exchange rates that did not substantially exceed the national average.⁴ Also in the 1980s, the Commission had established Lifeline Assistance and Link Up America programs to help promote universal service by reducing the monthly charges or service connection charges for elderly or low-income telephone subscribers.⁵ Furthermore, in 1987 the Commission had adopted a monitoring program to collect and report data on universal service and separations issues raised in CC Docket No. 80-286.⁶

² Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, amending the Communications Act of 1934, 47 U.S.C. § 151 *et seq.* ("Telecommunications Act"), § 254.

³ *Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, FCC 97-157, released May 8, 1997 ("Universal Service Order").

⁴ 47 U.S.C. § 251. See *MTS and WATS Market Structure*, Third Report and Order, CC Docket No. 78-72, Phase I, FCC 82-579, 93 FCC 2d 241, §§ 80-84 (1983).

⁵ *MTS and WATS Market Structure: Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, Decision and Order, 50 Fed. Reg. 939, ¶ 6 (1985).

⁶ *Establishment of a Program to Monitor the Impact of Joint Board Decisions*, Order, CC Docket No. 87-339, FCC 87-274, 2 FCC Rcd 5266, released August 26, 1987.

The staff of the Joint Board issued 19 reports over a ten-year period.⁷ The most recent reports provided information in eight sections: (1) Subscribership and Penetration Levels; (2) Lifeline Assistance Plans; (3) High Cost Assistance; (4) Network Usage and Growth; (5) Rates; (6) Revenues, Expenses and Investment; (7) Pooling; and (8) Infrastructure and New Services. The NPRM proposes to expand this monitoring activity to encompass contributions to universal service support programs, disbursements of funds and various measures of the actual impacts of these support mechanisms.

In the Public Notice, the Commission invites comments on the value of continuing to report the information presently included, and the benefits of extending the present requirements to encompass additional types of data. Also, the NPRM seeks comments on organization, format, and content of the individual sections of the Monitoring Reports. Finally, the NPRM invites comments on a number of corollary issues, such as the benefits of compiling corresponding data on universal service programs established by state regulatory agencies.

II. INFORMATION NOW AVAILABLE IN THE MONITORING REPORTS IS USEFUL TO CONSUMERS REQUIRING INTEREXCHANGE AND LOCAL EXCHANGE SERVICES THROUGHOUT THE NATION.

As end users of interexchange and local exchange services in all states, the FEAs have found the information in the current Monitoring Reports to be invaluable in participating in proceedings before this Commission and state regulatory bodies. GSA urges the Commission to continue compiling the information in the present reports.

⁷ Public Notice, para. 7.

The FCC's Monitoring Reports are regularly obtained by GSA and used to prepare comments and testimony in formal proceedings. Additionally, these reports are used to prepare reports for GSA management. A few examples will illustrate the variety of ways that Federal agencies have used this data in regulatory proceedings within the past few years.

The High Cost Assistance section of the Monitoring Reports contains both detailed data and summary data on the non-traffic sensitive revenue requirement per loop for the respective local exchange carriers and study areas. This data was integral to GSA/DOD's comments to the Commission on jurisdictional separations in CC Docket No. 80-286.⁸

As additional examples, the FEAs have participated in proceedings before state regulatory agencies during the past few years to address the rates, terms and conditions for unbundled network elements and interconnection services.⁹ In several of those proceedings, the FEAs relied on traffic data in the Network Usage and Growth section of this Commission's Monitoring Report to analyze cost data submitted by incumbent local exchange carriers.

Furthermore, data in the Revenue, Expenses and Investment section of the Monitoring Reports is useful beyond the regulatory arena. For example, the FEAs used this data to evaluate responses by carriers to requests for proposals to provide telecommunications services through contracts. Also, the FEAs have used these data to estimate the potential for future rate increases because of shifts in exogenous costs.

⁸ CC Docket No. 80-286, Comments of GSA/DOD, December 10, 1997, p. 10.

⁹ For example, District of Columbia Public Service Commission Formal Case No. 962, Georgia Public Service Commission Docket No. 7061-U, Maryland Public Service Commission Case No. 8731, New Jersey Board of Public Utilities Docket No. TX95120631, New York Public Service Commission Case Nos. 95-C-0657, 94-C-0095 and 91-C-1174, and Virginia State Corporation Commission Case No. PUC970005.

III. THE MONITORING REPORTS SHOULD BE EXPANDED AS OUTLINED BY THE COMMON CARRIER BUREAU.

As described in the NPRM, the Common Carrier Bureau ("Bureau") proposes to extend the Monitoring Reports to encompass additional information concerning the Federal universal service support programs. The expansion would document three aspects of the Commission's universal service support mechanisms:

- contributions to the programs;
- distributions of funds; and
- various measures of the actual impacts of the universal service programs.¹⁰

The Bureau proposes to obtain and report data on all funds collected by the universal service administrator.¹¹ Similarly, the Bureau proposes to obtain and report data obtained by the administrator in the course of making all required disbursements.¹² In addition, the Bureau proposes to collect and report data on a number of measures, such as the quality of service and the telecommunications infrastructure, as a means for evaluating the effectiveness and efficiency of the universal service support programs.¹³

GSA urges the Commission to adopt the recommendations made by the Common Carrier Bureau to extend the Monitoring Reports to encompass this additional information. Because the Commission's universal service initiatives ultimately affect the rate structures and charges incurred by all end users of

¹⁰ Public Notice, para. 6.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

interexchange and local exchange services, they should have reasonable access to information on the costs of these programs and their impacts.

Furthermore, the Commission has ruled that any actions by carriers to recover the costs of universal service contributions from their subscribers may not shift more than an equitable share of the burden to any customer or group of customers.¹⁴ Concise information regarding carriers' costs and charges is necessary for interested parties to determine whether the carriers have complied with the requirement for fair assessment.

The NPRM emphasizes that expansion of the scope of the Monitoring Reports will pose few if any additional reporting obligations on carriers.¹⁵ Almost all information is already being collected, albeit in fragmented form, through various reports to the Commission, the National Exchange Carriers Association ("NECA"), the U.S. Census Bureau and other organizations.¹⁶

For example, carriers are now required to make quarterly administrative filings concerning the high-cost, low-income, schools and libraries, and rural health care universal service programs. This information is available in WordPerfect, Excel, and Acrobat formats through the Universal Service link on the Commission's home page. Compilation of this information in the Monitoring Reports, available either in hardcopy form or through the Commission's web site, provides a valuable service to the public, and ensures that all end users are afforded the opportunity to monitor the activities of the carriers that serve them.

¹⁴ Universal Service Order, para. 829.

¹⁵ Public Notice, paras 10-11.

¹⁶ *Id.*

IV. DATA ON STATE UNIVERSAL SERVICE SUPPORT PROGRAMS SHOULD BE INCLUDED IN THE MONITORING REPORTS.

The NPRM recognizes that data on state universal service support mechanisms would provide a more comprehensive picture of the impact of both Federal and state programs on the industry and on consumers, enhancing the value of the monitoring program.¹⁷ Therefore, the Bureau seeks comments on whether it would be appropriate and feasible to include state data in the Monitoring Reports.¹⁸

GSA supports centralized reporting of information on the state programs. Only limited information is available at the present time.

For example, the National Association of Regulatory Utility Commissioners ("NARUC") publishes a report on pro-competitive measures in intrastate telecommunications.¹⁹ This report contains summary data on universal service programs in the individual states.²⁰ The report issued in September 1997 indicates that local universal service programs are still under consideration in most states, although several states have adopted specific programs.²¹

For example, the most recent Monitoring Report states that legislation enacted in Minnesota in 1995 "requires creation of a state universal service fund" to which all carriers must contribute.²² Similarly, Vermont regulators established a statewide program in 1994 to provide telecom relay, lifeline, 911 and high cost support.²³

¹⁷ *Id.*, para. 9.

¹⁸ *Id.*

¹⁹ Telecommunications Competition 1997, September 1997.

²⁰ *Id.*, Tables 10 and 11.

²¹ *Id.*, Table 10.

²² *Id.*

²³ *Id.*

Furthermore, according to the NARUC report, the Wisconsin Commission adopted rules in May 1996 to establish a universal service fund to support high-cost areas; low-income persons; persons with disabilities; and schools, libraries and hospitals.²⁴ The Wisconsin Commission is reviewing these support programs to see if changes are required in view of the FCC's Universal Service Order.²⁵

Clearly, states are beginning to adopt a wide variety of universal support mechanisms and funding programs. Since most states are still considering plans, an even wider variety will be in place soon. A centralized information source would provide an important reference point for end users and state regulators.

Collection of the required information should not be a difficult task. It appears that the "FCC-State Link" system maintained by the Commission's Industry Analysis Division as an Internet site and computer Bulletin Board System ("BBS")²⁶ could be employed to obtain this data efficiently from state regulatory agencies.

²⁴ *Id.*

²⁵ *Id.*

²⁶ Common Carrier Bureau, *Statistics of Communications Common Carriers*, December 5, 1997, p. v.

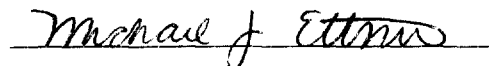
V. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to continue the Monitoring Reports, to add information suggested by the Common Carrier Bureau, and to include data on state universal service support programs, as described in these Comments.

Respectfully submitted,

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